

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF CHARLES ) APPEAL NO. 07-A-2680  
AND JOANN HOWER from the decision of the Board ) FINAL DECISION  
of Equalization of Valley County for tax year 2007. ) AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing January 25, 2008, in Cascade, before Hearing Officer Steve Wallace. Board Members Lyle R. Cobbs, David E. Kinghorn, and Linda S. Pike participated in this decision. Appellant Charles Hower appeared at hearing. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi and County Appraiser June Fullmer appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RPC0132003008AA.

**The issue on appeal is the market value of an improved residential property.**

**The decision of the Valley County Board of Equalization is reversed.**

**FINDINGS OF FACT**

The assessed land value is \$114,380, and the improvements' valuation is \$205,430, totaling \$319,810. Appellant requests the land value remain at \$114,380, and the improvements' value be reduced to \$157,430, for a total reduced value of \$271,810.

The subject property is a 1,809 square foot residence located in Cascade, Idaho. The residence was built approximately 27 years ago. Appellant purchased subject in January 1994. As only subject's improvement value is under appeal, nothing concerning the lot was mentioned.

Appellant argued subject's nearly 50% increase in assessed value over the prior year was excessive. Appellant was unable to find sales of similar property within the city limits, so focused on subject's detriments to support the proposed value reduction. Appellant noted subject has

never been remodeled, nor had any substantial improvements or extensive maintenance been performed. For example, the carpet has not been replaced since Appellant's 1994 purchase of the property. Appellant reported a small leak in the aluminum roof near the flashing around the chimney. Further was damage to the roof caused by shifting ice and thermal expansion was noted. Appellant estimated the roof would need to be replaced within the next couple years.

In order to make subject "marketable", Appellant provided a list of needed repairs and improvements, as well as estimated costs, as follows: new roof (\$8,000), new carpet (\$10,000), kitchen and bathroom upgrade (\$15,000), paving (\$8,000), and foundation work (cost unknown). It was argued the County had failed to adequately consider subject's diminished condition. Appellant added together the cost of the needed improvements and subtracted the total from subject's 2007 assessed value to arrive at the proposed value claim.

Respondent noted subject was graded as "average" and was considered to be in "average" condition. It was mentioned subject was re-appraised for the 2005 tax year, but an interior inspection of subject had not been done since approximately 1999. Respondent also explained a 30% upward trend was applied to all residential improvements (including subject) in the City of Cascade, at the suggestion of the State Tax Commission. The trend resulted in the increase in subject's corrected assessment notice.

Respondent also presented four (4) improved residential sales of property located inside the city limits. Sales 1 and 2 occurred in 2005 for \$475,000 and \$200,000, respectively. Sale 1 was considered superior to subject in terms of grade, while Sale 2 was graded as average; same as subject. Sales 3 and 4 took place during 2006 with sale prices of \$225,000 and \$249,800, respectively. The properties were considered to be inferior to subject in terms of grade. Lot sizes were not provided for any of the sales.

The 2007 assessed values of the sale properties (after 30% trend was applied) were then compared to the sale prices. It was shown, the County had valued the properties at 116% of market value, on average. Respondent admitted the properties were valued a little high, but maintained support was shown for subject's assessed value.

### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purpose of taxation, Idaho requires property be assessed at market value, as defined in Idaho Code § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant argued the County failed to adequately consider subject's deteriorated condition in arriving at the 2007 assessed value. Leaks in the roof were reported due to old age and weather damage. Appellant estimated the roof would need to be replaced within the next couple of years. Appellant further noted subject had never been remodeled, nor had any other notable improvements been made. To wit, the carpet has not been replaced since Appellant purchased subject in 1994.

In order to sell subject, it was argued several repairs and improvements would need to be made. The cost to make these changes was estimated to be \$48,000. The cost estimate

was not the result of bids, but was rather derived from Appellant's prior experience with such matters. While the estimates appear reasonable and were not challenged, it is well established that cost does not necessarily equal market value. *In re Appeal of C. C. Anderson Stores Co.*, 86 Idaho 249, 253, 384 P.2d 677, 680 (1963).

Respondent presented four (4) improved residential sales involving properties located within city limits. Sales 1 and 2 occurred during 2005. The two (2) remaining properties sold in 2006. Respondent noted Sale 1 was superior in grade to subject. Sales 3 and 4 were considered to be inferior in grade. Lot sizes were not provided.

Respondent presented the sales along with the 2007 assessed values of the properties. It was shown the parcels had been assessed at 116% of market value overall. Respondent conceded this was beyond the 90% to 110% of market value allowed by State Tax Commission guidelines, but maintained subject was assessed accurately.

While ratio data may be a useful tool in mass appraisal work, its meaning is lost when determining the market value of a single parcel. Even if we were to consider the overall conclusions reached in the County's ratio data, the evidence on its face suggests subject was valued excessively.

Of the sale properties submitted, Sale 2 was the only one with the same grade and condition as subject. The residence was 1,632 square feet, built in 1986. The lot size was unclear in the record, but the property sold in September 2005 for \$200,000. While the sale is somewhat dated, it was the only property shown to be similar to subject. As the property sold for \$200,000, it appears subject's \$319,810 assessed value is too high.

While one sale does not typically "make a market", Respondent conceded the other three (3) sales were not similar to subject, so they are of little use here. Respondent's ratio data

reported Sale 2 was assessed 27% above market value for 2007. If we were to consider ratios as good market value evidence, we would need to reduce subject's value by a corresponding amount. Reducing subject's value by 27% would result in a much lower value than even Appellant is advocating.

While Appellant did not provide sales data for the Board to consider, the sales presented by Respondent appear to better support Appellant's value position. With the exception of Sale 1, which was conceded to be superior to subject, none of the sale prices were anywhere near subject's assessed value. In fact, the sale contended to be most similar to subject sold for only \$200,000. Furthermore, it does not appear consideration was given for subject's deteriorated condition. Given all the evidence submitted in this matter, the Board is convinced subject was over-valued, and will accept Appellant's value claim. Accordingly, the decision of the Valley County Board of Equalization is reversed to reflect a \$165,430 value for subject's improvements. No changes will be made to the lot value.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed lowering the assessed value of the improvements to \$165,430. Subject's land value will remain at \$114,380 as assessed.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED April 3, 2008